

U.S. - Peru Trade Promotion Agreement

Advancing Small Business

The U.S.-Peru TPA will be of particular benefit to U.S. small and medium sized businesses (enterprises with fewer than 500 employees). In 2006, U.S. SMEs exported \$994 million in merchandise to Peru, representing thirty-nine percent of total U.S. exports to Peru -- well above the twenty-nine percent SME share of U.S. exports to the world.

U.S. small and medium-sized enterprises particularly benefit from the tariff eliminating provisions of free trade agreements, and should benefit from the significant tariff cuts under the U.S.-Peru TPA.

The transparency obligations, particularly those contained in the customs chapter, are also very important to U.S. SMEs, which may not have the resources to navigate customs and regulatory red tape.

Eighty-two percent of the U.S. businesses exporting to Peru are small businesses.

Free Trade is important to U.S. SMEs

- o U.S. SMEs are already taking advantage of U.S. efforts to open markets throughout the world. In 2006, for our NAFTA partners Canada and Mexico, SMEs represented more than 90 percent of all exporting companies.
- o SMEs represented a majority of U.S. exporting companies to our other free trade partners in 2006, including Australia (ninety percent), Singapore (eighty-nine percent), Chile (eighty-four percent), and Morocco (seventy-two percent).
- o U.S. SMEs also represented at least seventy-five percent of all U.S. exporters to the individual Central America-Dominican Republic Free Trade Agreement partner countries (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) in 2006.